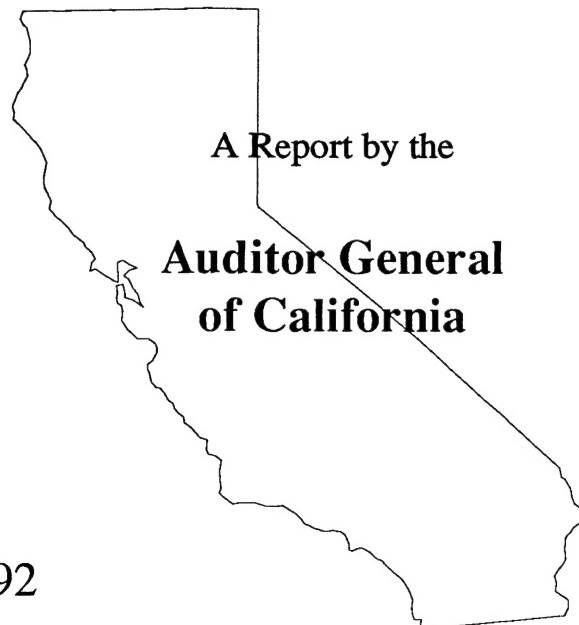




***“Auditing: Providing Government Accountability
in the 1990’s”***



A Report by the

**Auditor General
of California**

January 1992

A-201

**Auditing:
Providing Government Accountability in the 1990's**

January 1992, A-201

**Office of the Auditor General
California**

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Kurt R. Sjoberg, Auditor General (acting)

State of California
Office of the Auditor General
660 J Street, Suite 300, Sacramento, CA 95814
Telephone : (916) 445-0255

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A-201

Honorable Robert J. Campbell, Chairman
Members, Joint Legislative Audit Committee
State Capitol, Room 2163
Sacramento, California 95814

Dear Mr. Chairman and Members:

This report, entitled "Auditing: Providing Government Accountability in the 1990's," highlights audits completed by the Office of the Auditor General from July 1, 1990, to December 31, 1991. The breadth of audits described in this report demonstrates the unique role that the auditor general plays in state government. We are the State's "fiscal watchdog," the only audit organization responsible for making sure that state and local government is accountable for the spending of billions of taxpayers' dollars each year. Our mission is to look for mismanaged, inefficient, and uneconomical programs in every conceivable area of government and make recommendations to improve them. We also annually audit the State's \$70 billion financial statements and investigate allegations of fraud and abuse by state employees. The office issued 61 audit reports during this period to fulfill these varied responsibilities.

As the demand for government services continues its upward spiral during the 1990's and beyond, it will be imperative that state and local officials spend taxpayers' funds in the most efficient and businesslike manner. These often anonymous bureaucrats must be held accountable when they make poor decisions or when their lack of skill or attention causes a loss of funds or a reduction in vitally needed services. As U.S. Comptroller General Bowsher has said, managerial shortcomings in the public sector have played a part in the anxiety Americans feel

Honorable Robert J. Campbell, Chairman
Members, Joint Legislative Audit Committee
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in the areas of rapid accumulation of public debt, excessive consumption, and noncompetitiveness. The maintenance of a strong audit presence will help to assure that the State's managers are accountable for their actions and that, when needed, improvements are made.

To provide this audit presence, California spends less for its state audit function than any other state in the nation, when statewide expenditures are compared to audit costs. In fact, we spend \$1 to audit every \$7,000 in expenditures, the lowest of the 50 states and only 14 percent of the national average. Nevertheless, we continue to identify millions of dollars in savings each year that far exceed the office's budget, make hundreds of recommendations that will improve services and provide an effective deterrent to wasteful practices.

In this report, we have grouped the audits we highlight into six areas of government, ranging from education to financial administration. Also, in keeping with past annual reports and to answer the question "Who audits the auditors?" we have attached in Appendix A the two opinions we received in 1991 by outside auditors on our financial statements and our professional peer review. In both, we received unqualified opinions—the highest possible—attesting that our financial operations meet all accounting standards and that our audit work fulfills the professional, independence and technical requirements of the government auditing standards. Appendix B lists, by area of government, the audit reports issued from July 1, 1990, to December 31, 1991.

Complete copies of our reports are available upon request and our staff will be happy to brief legislators, reporters and the public on the audits.

Respectfully submitted,



KURT R. SJOBERG
Auditor General (acting)

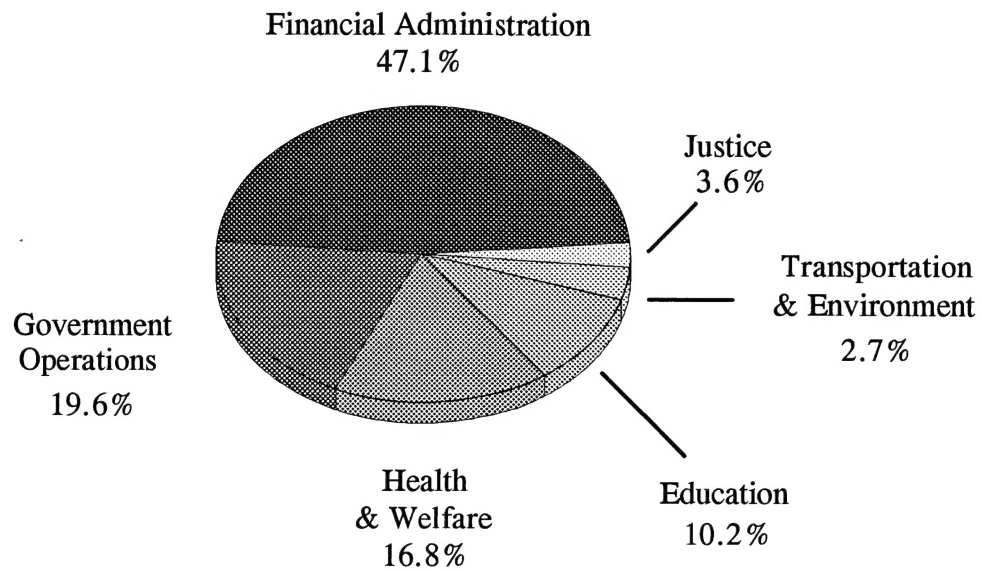
Introduction

Since July 1990, the Office of the Auditor General has issued 61 audit reports addressing the operations of state agencies, school districts, transit districts, universities, and local government. Implementing many of the recommendations in these reports could save the State's taxpayers almost \$40 million. Over the years, the Auditor General has proven itself to be a very cost effective organization. Our audit results show that for every dollar the Auditor General spends auditing state and local government, more than four dollars in savings and benefits are identified. Over the past ten years alone, our recommendations for savings have exceeded one-half billion dollars!

Also, hundreds of other recommendations in these reports, while not quantifiable as dollar savings, will, nonetheless, produce significant benefits to agencies we have audited and the citizens of the State. These benefits include the improved delivery of state and local services, increased accountability over government assets, and better enforcement of laws and regulations.

In this report, we highlight a selection of our audits issued since July 1990. We have grouped the audits into six areas of government: Education; Health and Welfare; Transportation and Environment; Justice; Government Operations; and Financial Administration. The chart on page 2 shows the Office of the Auditor General's workload for each of these six areas of government.

Percent of Audit Hours
by Area of Government
January 1, 1990 to June 30, 1991



Education

California's financial commitment to public education represents a need to address the increasing demand of a burgeoning student population. Currently, almost 44 percent of the State's budget goes to fund K-12 and higher education. Assuring that these funds are spent where they are most needed and in the most efficient way is one of our key responsibilities. In the past 18 months, we have performed nine audits related to education at both the state and local levels. These audits address such diverse areas as the use of portable classrooms, university administrative costs, funds for building schools and a poorly managed school district. Four of these reports are highlighted below.

Disabled Students' Needs Are Not Being Met

Results in Brief

The Chancellor's Office of the California State University (CSU) allocated \$7.9 million in fiscal year 1990-91 to the 20 CSU campuses to provide services for disabled students. During our review (Report P-054), we obtained financial information from each of the campuses and reviewed the disabled student services programs at 4 of the campuses. We found the following:

- The 20 CSU campuses spent \$600,000 less than they were allocated for disabled student services in fiscal year 1990-91. Funds budgeted for employee benefits account for \$400,000 (65 percent) of this unspent allocation;
- Two campuses paid approximately \$75,000 in fiscal year 1990-91 to employees on the disabled student services payroll who worked in the career counseling center and the international student program, not with disabled students;
- Of 153 students at the 4 campuses who were waiting for learning disabilities testing, 43 (28 percent) had to wait more than two months; and

- One campus provided services to 46 students whose disabilities had not been verified as required because the program had no system to identify promptly students receiving services who had not provided appropriate documentation.

Recommendation

The Chancellor's Office should establish a monitoring system to ensure that funds allocated by the Chancellor's Office to disabled student services programs are budgeted by the campuses to the programs and are spent only for disabled student services. It should also establish a monitoring system to verify promptly each student's disability.

Many Portable Classrooms Are Not Safety Inspected

Results in Brief

No single state agency is responsible for overseeing the safety, use, and acquisition of portable classrooms in California school districts. However, the Department of General Services is responsible for some portable classroom programs. The Department of General Services helps finance the purchase of some portable classrooms by school districts, and it is responsible for the safety inspections of these classrooms. During our audit (Report P-977) we noted the following conditions:

- Only 40 (26 percent) of the 153 portable classrooms that both we and the Office of the State Architect (OSA) reviewed had been certified as meeting state safety requirements. Moreover, 35 (23 percent) of the 153 classrooms were being used without final certification;
- California school districts have approximately 48,000 portable classrooms, of which approximately 43,000 are used as classrooms and approximately 5,000 for other purposes such as offices or storage facilities;
- More than 70 percent of California's school sites have portable classrooms, which may house approximately 27 percent of the State's students;

- According to the portable classroom manufacturers and leasing agents who responded to our survey, the costs of portable classrooms, for the basic and mid-range models we assessed, range from \$24,000 to \$66,900 when the units are purchased directly by the district; they range from \$2,000 to \$7,500 per year when the units are leased directly or through state programs;
- School districts acquired approximately 23 percent of their portable classrooms with state resources and approximately 77 percent with their own resources;
- For portable classrooms funded through state programs, four to five years may elapse between the school district's application for funding and the initial use of the units by students; and
- When school districts use their own resources to finance new facilities, they can procure portable classroom units in 4 to 14 months.

Recommendations The Legislature should take the following actions:

- Require a state office to aid school districts in the acquisition of portable classrooms by innovative financing and lease programs;
- Require that the Office of the State Architect inspect and certify each school building separately, including portable classrooms, and that the certifications of final approval state the type and location of the building; and
- Require each school district to maintain at the school sites and district office copies of certifications for all of the district's facilities.

Management Problems at the Sweetwater Union High School District

Results in Brief

During our audit of the Sweetwater Union High School District (district), we determined that, because of weak internal controls, the district has been susceptible to misappropriation of district assets, as well as other abuses. Although we found no evidence during our review (Report F-962) to support allegations of criminal activities at the district, we noted the following conditions:

- Since approximately 1981, the district has not maintained a listing of all the fixed assets it has purchased, nor has it taken a complete physical inventory since approximately 1975;
- The district lost interest income of approximately \$140,000 from July 1, 1987, through December 31, 1989, by using private bank accounts for cafeteria fund transactions rather than maintaining these funds with the San Diego County treasurer;
- The district expended approximately \$943,000 without evidence of the required board approval;
- The district expended state funds of approximately \$737,000 that were not allowable according to state regulations;
- The district paid invoices totaling approximately \$69,000 without evidence that it had received the goods or services; and
- The district has had weak internal control over cafeteria operations, making itself susceptible to the concealment of possible fraudulent acts.

Since the district hired a new purchasing supervisor in June of 1989, it has improved its compliance with the State's and its own procurement policies and regulations.

Recommendations

To strengthen its controls over equipment, purchasing, cafeteria operations, personnel and payroll activities, and the revolving fund, the district needs to improve its management practices. Specifically, the district should take the following actions:

- Continue its present effort to establish the inventory records that it needs to properly account for its equipment;
- Conduct a physical inventory of its fixed assets at least annually;
- Continue its present effort of establishing detailed policies and procedures to improve control over purchasing;
- To maximize interest earnings, require that cafeteria funds be deposited with the San Diego County treasurer rather than with commercial banks;
- Separate the duties of food service employees to establish an environment of good internal control over cafeteria operations;
- Require all hiring documents to be signed by the personnel department and submitted to the payroll unit, indicating the program or fund to be charged for the employee's salary expense;
- Require every employee hired to be individually named before the board of trustees;
- Establish a policy to ensure an adequate separation of duties between payroll processing and receipt of payroll warrants;
- Ensure that revolving fund transactions are appropriate by following regulations established in the California Education Code and pertinent district policies and regulations; and

- Ensure that it expends state funds received from the deferred maintenance program, the lottery fund, and the mentor teacher program in accordance with state regulations.

To ensure that local educational agencies are expending lottery funds as the Legislature intends, the Legislature should consider the following:

- Clarify the definition of “noninstructional purpose,” as cited in the California Government Code, Section 8880.5, by using the definition in the opinion of the Legislative Counsel of California. This definition states that noninstructional purpose will be construed to prohibit the expenditure of lottery revenues for any purpose that is as peripheral to a program or activity of teaching as the expressly prohibited purposes of real property acquisition, construction of facilities, and research.

School Construction Funding Not Maximized

Results in Brief

The Department of General Services (department), through its Office of Local Assistance (OLA), is responsible for providing administrative support for the State Allocation Board (SAB). In this capacity, the OLA disburses funding according to policy established by the SAB to local public school districts to build or improve their school facilities. However, during our review (Report P-013) we noted the following deficiencies:

- The OLA disbursed approximately \$18.4 million to school districts’ lease-purchase projects instead of transferring this money to the State’s General Fund as required;
- At least 40 school districts were improperly reimbursed for \$3.9 million in commitments made and costs incurred for lease-purchase asbestos abatement construction before the SAB approved the districts’ projects;

- The OLA overpaid by at least \$25,700 the management fees for seven asbestos abatement projects, and disbursed at least \$227,000 of asbestos abatement funds to 18 projects without receiving the required documentation from the districts;
- The OLA has not recovered at least \$2 million in construction funds loaned to school districts that it should have recovered and made available to other eligible districts;
- The OLA lost at least \$169,000 in discounts offered by portable classroom manufacturers because it did not pay the manufacturers' invoices promptly;
- The OLA does not adequately monitor the school districts contributions toward the cost of their lease-purchase construction projects;
- To participate in the OLA's programs, school districts are required to use the proceeds from their sales of surplus real estate to pay for capital outlay and maintenance. However, the OLA does not adequately review how school districts use the proceeds from the sales when the districts apply to the State School Building Lease-Purchase Program (lease-purchase program) for the first time, nor does it comply with its own procedures to ensure that school districts appropriately use the proceeds from the sales; and
- The OLA does not promptly conduct required close-out audits of school district construction projects funded with state money to determine whether any funds that may have been apportioned to the projects in excess of actual costs are to be returned to the State.

Recommendations

The Office of Local Assistance or the State Allocation Board, as appropriate, should take the following actions:

- Transfer to the State's General Fund approximately \$30 million of interest earnings collected from school districts as rent;

- Recover all lease-purchase asbestos abatement funds apportioned to school districts for costs incurred and commitments made before the SAB approved the districts projects;
- Determine whether any funds disbursed to school districts for asbestos abatement management fees that exceeded the required limit can be recovered from the districts;
- Obtain and review documentation from school districts for all funds disbursed without the required documentation, determine whether the funds were used in accordance with the SAB's policies and state law, and recover any funds that were used improperly;
- Adhere to newly implemented procedures to identify advance planning loans that should be recovered, and take the appropriate action to recover the funds from the school districts;
- Ensure that available discounts are taken from the manufacturers of portable classrooms;
- Audit a representative sample of the quarterly contribution reports received from school districts to ensure that the gross contributions and deductions claimed by the districts are accurate and valid;
- Review districts' sales of surplus real estate occurring in the five-year period before the districts' applications to the lease-purchase program to ensure that the proceeds from the sales were used for capital outlay or maintenance as required by the Education Code; and
- Conduct close-out audits for all completed construction projects, and ensure that all future construction projects are audited promptly upon completion.

Health and Welfare

California provides health care to more than 4.8 million people in the Medi-Cal program, jointly funded through a federal and state partnership. Similar programs exist for the welfare of low income and needy Californians who qualify for public assistance. In all, nearly \$35 billion is spent each year on California's various health and welfare programs. When coupled with the State's overall regulation and oversight of the health care professions, it is easy to see why health and welfare programs are of keen interest to Californians. Since July 1990, we have completed 15 audits addressing the broad spectrum of state health and welfare programs. The subjects of these audits have ranged from the complaints filed against California's physicians and the increasing cost of health care, to the services provided to foster children and the treatment of the developmentally disabled. Three of these reports are highlighted below.

The Care of the Developmentally Disabled Needs Improvement

Results in Brief

The Department of Developmental Services (department) provides care and treatment to persons with developmental disabilities directly through seven developmental centers. During our review (Report P-961) of the care provided to clients under age 18 at these developmental centers, we noted the following conditions:

- Developmental center staff sometimes used physical and chemical restraints on clients without first obtaining the consent of the client or the clients' parents or guardians;
- Staff sometimes applied restraints without first obtaining the approval of committees designed to ensure that clients are not subjected to unnecessary or excessive restraint;
- Staff did not always properly record the use of restraint on clients and did not always record the periodic assessment of the clients' condition while in restraint, contrary to state and federal regulations;

- Staff sometimes kept clients in restraint for periods in excess of the maximum time allowed by federal regulation and developmental center policy;
- Developmental centers are generally meeting the federal and state staffing standards we tested for direct care staff; however, they are not meeting the staffing guidelines established by the department;
- Direct care staff at the developmental centers are sometimes diverted to perform duties that are not directly related to client care;
- Staff at the developmental centers are not always documenting the implementation of clients' Individual Program Plans;
- Staff at the developmental centers are not always documenting clients' progress toward accomplishing objectives established in clients' Individualized Education Programs; and
- Staff at the developmental centers are following proper procedures when reporting special incidents to management within the developmental center.

Recommendations

To improve its ability to protect the rights of clients under age 18 residing at the developmental centers, the Department of Developmental Services should take the following actions:

- Ensure that staff obtain proper consent or approval before applying physical or chemical restraints;
- Establish a policy specifying what form of communication must be used and how that communication should be documented when developmental center staff contact the client, parents, or guardians for consent before using restraints on clients;

- Ensure that each developmental center develops and uses a procedure requiring the appropriate committees to promptly review and approve or disapprove the continuation of restraints used on clients before their admission;
- Ensure that staff at each developmental center record the use of restraint on clients and the periodic assessment of the condition of clients in restraint; and
- Ensure developmental centers do not exceed regulatory time limits for the application of physical restraints on clients.

To ensure that the appropriate level of care is provided to clients, staff residential units in accordance with legal requirements and the department's own standards.

To prevent the diversion of direct care staff to perform nonclient care duties, the department should take the following actions:

- Follow up on our survey results to determine the specific reasons why direct care staff are diverted to nonclient care duties; and
- Take appropriate action to minimize unnecessary direct care staff diversion, such as requiring the developmental centers to provide support staff on each shift and ensuring sufficient coverage when support staff are scheduled off or are absent because of illness.

Finally, to ensure that clients' records accurately reflect the clients' actual progress, the department should ensure that staff at the developmental centers are recording the clients' progress toward reaching objectives specified in the clients' treatment and education plans.

Foster Care Needs Better Oversight

Results in Brief

The Los Angeles County Department of Children's Services (county) needs to make significant improvements in providing services to foster children, and the Department of Social Services (department) needs to improve its oversight and administration of the county's foster care program. During our review (Report P-927), we noted the following conditions:

- The county is not complying with visitation and medical history requirements;
- The county may be placing more foster children in foster homes than the law allows;
- The department did not conduct compliance audits of the county's foster care program every three years as required and did not ensure that the county corrected deficiencies found during the last compliance audit;
- The department takes an average of 12 months to process requests for license revocations against foster parents who may be neglecting or abusing children in the county; and
- The department failed to take the necessary steps to claim an estimated \$156 million in federal funds from March 1987 to June 1, 1990, for administering the State's foster care program in all 58 counties.

Recommendations

To ensure that the foster care program of the Los Angeles County Department of Children's Services meets state requirements, the county should take the following actions:

- Hire additional social workers to fill all the positions authorized by its budget;
- Enforce state law, regulations, and county policies that require social workers to comply with visitation and medical history requirements and to place foster children appropriately; and

- Develop and implement corrective action plans to correct deficiencies found during its internal reviews.

To ensure that the counties' foster care programs, including Los Angeles County's, meet state requirements and that the State receives all available federal funds, the Department of Social Services should take the following actions:

- Monitor the county's progress in complying with state laws that allow no more than three special needs children to be placed in a foster home;
- Conduct statewide compliance reviews of the Child Welfare Services program as required;
- Develop formal procedures for ensuring that counties take corrective action once the department has determined that the counties are out of compliance with state regulations;
- Establish formal procedures for the timely processing of license revocations against foster parents; and
- Aggressively pursue all available federal funding.

The Investigation of Incompetent Physicians is Slow

Results in Brief

The Medical Board of California (board) is responsible for protecting consumers from incompetent, grossly negligent, unlicensed, or unethical medical practitioners. The board's investigation and discipline of health professionals is a lengthy process involving the board, the Attorney General's Office, and the Office of Administrative Hearings. During our review (Report P-049), we noted the following conditions:

- Effective January 1, 1991, the board was required to set a goal that by January 1, 1992, it would complete investigations within an average of six months. Based on the current time taken to process a case, this goal would be exceeded by eight months.

- Even if the board, the Attorney General's Office, and the Office of Administrative Hearings were able to meet each of the existing deadlines, the process of disciplining physicians and other health care practitioners would take approximately 1.7 years on the average.
- For the complaint cases the board identified as needing investigation, an average of 201 days elapsed between the receipt of complaints and the assignment to field investigators.
- In 13 percent of the cases we reviewed that had been assigned, investigators had not started working on their cases, even though they had been assigned for 30 days or longer. The investigators for another 21 percent of these cases had not worked on the cases for at least 30 days before November 30, 1990.
- From a sample of cases that the board referred to the Attorney General's Office to pursue discipline, the Attorney General's Office took 200 days to provide formal accusations to the board, exceeding its goal of 60 days by more than 233 percent.
- Of 180 cases we reviewed that the board closed without merit, 31 (17.2 percent) were closed for reasons that were not sufficient for concluding that the cases lacked merit.
- We found no evidence of supervisory approval for 23 (15.3 percent) of the 150 cases closed without merit that we reviewed involving allegations of physician negligence or incompetence or drugs.
- The board is required to maintain a central file of all licensee names, including all complaints of merit that have been filed within the preceding five years. However, the board is not always able to obtain complete case-file documentation from its central file.

- The board's toll-free complaint telephone number is not easily available to the public in some areas of the State.

Recommendations

To ensure that, by January 1, 1992, the board can complete investigations within an average of six months, the board should evaluate the caseloads assigned to investigators to determine the optimal caseload that allows investigators to complete investigations more promptly. It should then seek staffing levels that would allow the optimal level of caseload. Furthermore, the board should seek legislation authorizing it to take disciplinary action against a physician who fails to provide medical records within a reasonable period determined by the board.

To decrease the time the Attorney General's Office takes to prepare accusations for the board, the Attorney General's Office should continue its efforts to establish and adequately staff the Health Quality Enforcement Section.

To ensure that the board closes each complaint appropriately, it should require that supervisors approve decisions to close cases without merit if the cases involve negligence or incompetence.

To ensure that the board's central file is in accordance with the law, the board needs to maintain case files, for cases closed with merit, in its central file at its headquarters.

To make the board's toll-free telephone number easily accessible to all consumers, the board should ensure that all telephone companies in all cities and counties in the State have a listing for the number.

Transportation and Environment

The overriding environmental concern of California's citizens is to maintain a quality of life free from the hazards of poor air and water. Since the quality of the State's environment is significantly affected by the transportation demands of its 30 million residents, we have grouped transportation and the environment into one area of government.

A number of state agencies and local transit districts are involved in the transportation and environmental issues included in the five reports we have completed on these subjects since July 1990. Among these audits we looked into the collection of hazardous waste cleanup costs, beverage container recycling and off-highway motor vehicles. Three of these reports are highlighted below.

The State Has Not Collected Millions of Dollars From Toxic Polluters

Results in Brief

The Department of Toxic Substances Control (department), which was formerly the Toxic Substances Control Program within the Department of Health Services, has not taken sufficient action to bill responsible parties and recover approximately \$222 million in costs the department incurred from fiscal year 1981-82 through 1989-90 (Report F-426.1). The department incurred these costs to monitor and clean up hazardous waste sites. State statutes require the department to recover from responsible parties the costs the department paid from the Hazardous Substance Account and the Hazardous Substance Cleanup Fund to monitor and clean up hazardous waste sites. In addition, since July 1, 1989, state statutes have required the Board of Equalization (board) to collect activity fees from potentially responsible parties for the department's cost of overseeing hazardous waste sites. From July 1, 1981, through June 30, 1990, the department spent approximately \$222 million from the Hazardous Substance Account and the Hazardous Substance Cleanup Fund on such activities. However, as of February 28, 1991, the department had billed parties responsible for hazardous waste for only \$45 million. Further, of the \$45 million the department had billed, it had collected only

\$16 million. In addition, the board had collected activity fees of \$2 million as of February 28, 1991. Although the statute of limitations may prevent the department from recovering \$31 million of the costs incurred for fiscal years 1981-82 through 1984-85, the department has estimated that it can collect approximately 63 percent of the \$135 million of costs incurred from fiscal year 1985-86 through 1988-89. This amount is approximately \$85 million.

Based on information we initially gathered for an audit report issued on August 31, 1989, we expanded our work in the annual Single Audit of the State of California for fiscal year 1990-91 to specifically include the Department of Health Services' Toxic Substances Control Program. In July 1991, this program became the Department of Toxic Substances Control within the California Environmental Protection Agency.

Recommendations

To improve its ability to recover public funds spent to monitor and clean up toxic waste sites, the Department of Toxic Substances Control should take the following actions:

- Ensure that all costs that can be billed to responsible parties are billed promptly; and
- Account for all cleanup costs including those costs that the department has determined it cannot bill to responsible parties or cannot collect.

Beverage Container Recycling Can Be Improved

Results in Brief

The Department of Conservation (department) administers the California Beverage Container Recycling and Litter Reduction Act (act). The act requires the department to ensure that the manufacturers and distributors of beverages and the recyclers and processors of beverage containers comply with the act. During our review (Report P-966), we found the following:

- Eleven distributors in our sample made late redemption payments. One of those has not submitted any reports since April 1990. However, the department is not always aware of distributors who make payments late, and it does not always assess penalties against these distributors.

- Operators of all six of the certified recycling centers in our sample paid us the refund value for nonredeemable containers. Operators of 213 of the 308 certified recycling centers the department tested also paid the refund value for nonredeemable containers.
- During the third and fourth quarters of fiscal year 1987-88, the department incorrectly allocated \$6.3 million more than the law authorized for program activities. The department spent approximately \$2.7 million of that money.
- The department did not obtain the approval of the Department of General Services for four contracts for services related to the recycling program.

Recommendations

The Department of Conservation should take the following actions:

- Implement a policy for the rate at which it will assess penalties on late payments (for example, the department could have assessed \$214,000 against 11 distributors who paid late);
- Direct the service contractor to calculate the penalties due and bill distributors;
- Direct auditors to test for late payments during audits of distributors;
- Issue inspection regulations for certified recycling centers;
- Cease spending funds incorrectly set aside during fiscal year 1987-88, and reduce the amounts it currently has set aside for some of its programs; and
- Obtain approval of the Department of General Services for all contracts over \$12,500 for services except consulting, promotional, and advisory services necessary to implement the act.

Many Off-Road Vehicles Are Not Properly Registered

Results in Brief

The California Off-Highway Motor Vehicle Recreation Program (program), under the administration of the Department of Parks and Recreation (department), manages the recreational activities of off-highway motor vehicles in the State. During our review (Report P-776) of the program, we identified the following conditions:

- At the State's most popular facility for off-highway motor vehicles, the department's procedures for enforcing the registration requirement for these vehicles were not adequate. As a result, unregistered off-highway vehicles were used at this facility. In a survey of this facility, approximately 15 percent of the off-highway vehicles in our sample were unregistered;
- The department's contractor completed a mandated inventory of wildlife populations and habitats more than six months late and will complete the plans for the protection programs for these habitats more than one year after the mandated deadline;
- A guidebook describing the laws and regulations of the program and a report on the adequacy of existing facilities, both mandated by the Legislature, are several years late, and the biennial status report, also mandated by the Legislature, was at least one year late; and
- The department's summary of expenditures for conservation and enforcement activities did not accurately record 5 of 11 of our sample of expenditures made through purchase orders.

Recommendations

To improve aspects of the Off-Highway Motor Vehicle Recreation Program, the Department of Parks and Recreation should take the following actions:

- Develop procedures that direct staff at the State Vehicular Recreation Areas to review the registration status of off-highway motor vehicles at the entry gates to these facilities, when feasible, at checkpoints established periodically along trails, and during routine patrols of the facilities;
- Ensure that the department meets mandated deadlines in performing and reporting on all the program's requirements. Specifically, the department and the Off-Highway Motor Vehicle Recreation Commission, when appropriate, should promptly determine whether they are going to issue contracts to accomplish these requirements or whether the department will perform the tasks itself. Furthermore, if the department and the commission award contracts to accomplish these requirements, the department should ensure that contractors complete the work on time; and
- Ensure that staff use the existing code system to specifically identify all purchase orders that represent expenditures for conservation and enforcement activities.

Justice

The administration of justice in California, including the management of its state prisons, has always been an area of great interest to the State's citizens. Since July 1990, we have issued four reports addressing the administration of justice. Our work includes the disclosure of disability payroll errors in state prisons and the implementation of drug abuse treatment programs in the prison system. Also, since 1980, we have operated a toll-free hotline for reporting fraud and abuse in state government. During this 11-year period we have received 34,000 calls from whistleblowers and other concerned citizens. Some of our investigations have led to the arrest and punishment of state employees for illegal or improper behavior. Three of our reports on the administration of justice are highlighted below.

Corrections' Disability Payments Need Improvement

Results in Brief

We reviewed the system for processing disability claims at the California Institution for Men, the California Institution for Women, and the California Rehabilitation Center, which are administered by the California Department of Corrections. During our review (Report F-059) at these three institutions, we found that management is appropriately notifying employees of their right to receive disability benefits. However, our review of the institutions' procedures for processing employee disability claims disclosed that the institutions do not always comply with applicable state laws and regulations. The institutions also do not always comply with provisions of the collective bargaining agreement with employees who are in Bargaining Unit 6, nor do they always follow their own policies related to the establishment and collection of accounts receivable from employees on disability leave. During our review of the institutions, we noted the following specific conditions:

- The institutions do not always ensure that workers' compensation claims are promptly submitted to the State Compensation Insurance Fund;

- The institutions need to improve their procedures for informing injured employees of the benefit options available;
- The institutions do not always promptly submit pay requests for approved disability claims to the State Controller's Office; and
- The institutions need to improve their controls over establishing and collecting employee accounts receivable.

Recommendations

To improve its control over processing and paying disability claims, the department should take the following actions:

- Ensure that workers' compensation claims are submitted to the SCIF within the required deadline;
- Ensure that injured employees are notified of the available benefit options within 15 days after the SCIF accepts a claim; and
- Ensure that pay requests are promptly submitted to the State Controller's Office.

To improve its system for establishing and collecting accounts receivable from employees on disability leave, the department should take the following actions:

- Inform employees, in writing, before establishing accounts receivable;
- Inform employees, in writing, of outstanding accounts receivable before deducting the receivables from the employees' pay;
- Seek an agreement with the employee on a method of repaying an account receivable; and
- Ensure that amounts withheld from an employee's pay for the collection of a receivable do not exceed the allowed amount.

Auditor General Hotline Sparks Investigations

Results in Brief

In 1979, the California Legislature enacted the Reporting of Improper Governmental Activities Act. On January 1, 1980, The Office of the Auditor General established a statewide, toll-free telephone hotline to allow state employees and the general public to report improper governmental activities. Allegations made through the hotline are investigated and if they are substantiated, disciplinary action is taken against the wrongdoers.

Section 10542 of the California Government Code defines an improper governmental activity as any activity by a state agency or any activity by a state employee undertaken during the performance of the employee's official duties that is in violation of any state or federal law or regulation, that is economically wasteful, or that involves gross misconduct, incompetency, or inefficiency. From August 1, 1989, to December 31, 1990, the Office of the Auditor General received 141 allegations of improper governmental activity, initiated 46 new investigations, and completed 49 investigations. This report (Report I-116) summarizes 30 investigations completed during this period that resulted in substantiated allegations of improper governmental activity.

Included in the 30 investigations were 3 investigations concerning the misappropriation of state funds, 13 investigations concerning the misuse of state resources, such as state vehicles and state facilities, 4 concerning time and attendance abuse, 4 concerning the retention of state travel discounts for personal benefit, and 3 concerning improper personnel practices. Of the three remaining investigations, one involved improper incentive payments for physical fitness, one involved a failure to collect royalty fees, and one involved a violation of conflict-of-interest regulations. These 30 investigations resulted in four arrests, two terminations, one resignation, one suspension, one salary reduction, five formal reprimands, and eleven informal reprimands. In 5 cases, the State recovered funds, and in one case, an employee was required to charge formal leave to compensate for her absences. In 10 cases, controls designed to prevent improper governmental activities were strengthened.

**Some Inmate Drug Treatment Programs
Have Not Been Implemented**

Results in Brief

The Office of the Auditor General reported on whether the Department of Corrections (department) has implemented the tasks outlined in its December 1989 report to the Legislature entitled, "Substance Abuse Treatment and Education Services For Inmates and Parolees." These tasks, which the department scheduled to implement by January 1, 1991, will allow the department to establish additional substance abuse programs. During our review (Report P-860), we found that the department has not implemented 17 (45 percent) of the 38 outlined tasks. For example, the department has not implemented the task of creating programs to assess inmate and parolee substance abuse treatment and educational needs. If the department does not provide inmates and parolees with substance abuse education and with early intervention and treatment services, inmates and parolees may not have access to information that may assist them in their recovery from addiction.

Recommendation

To enhance inmates' and parolees' opportunities to participate in substance abuse education and treatment programs, the department should reschedule the completion dates of the unmet goals. In its rescheduling, the department should take into consideration the impact of budget and other resource restrictions.

Government Operations

In a manner similar to large businesses in the private sector, California state government must perform many of the daily activities of managing a large workforce that provides a broad range of services. These activities include personnel administration, real estate management, data processing, contracting for goods and services and overseeing revenue collection. Operating these functions in a more businesslike and efficient manner generates immediate benefits to the State's taxpayers. We have issued 20 reports since July 1990 on the administration of 11 state agencies and 5 programs that impact California's citizens. These audits have addressed issues including contracting, construction, retirement, travel claims and equipment control. Three of our reports on government operations are highlighted below.

The State Needs To Better Manage Its Design and Construction of State Buildings

Results in Brief

The Department of General Services (department) needs to improve its management of its portion of the State's capital outlay program, which involves the design and construction of state facilities. During the course of our review (Report P-017), we noted the following conditions:

- Because the department has an unreliable system for monitoring the progress and cost of capital outlay projects, the governor and the Legislature cannot obtain reliable information when evaluating the department's management of the capital outlay program and when setting priorities for the program;
- Because the department does not always comply with state requirements and sometimes makes errors when contracting for architectural, engineering, project management, and other services, some firms have been denied the opportunity to compete for more than \$7.31 million in state business and the department may not have contracted with the most qualified firms for the most reasonable price;

- Because the department does not always comply with provisions in its retainer contracts for architectural, engineering, and land- surveying services when making project assignments to contractors, qualified firms under contract with the State were denied the opportunity to perform work with a value of more than \$197,000 on behalf of the State. Moreover, the department may not have contracted with the most qualified firms for the most reasonable price;
- Because the department does not always manage its employees efficiently, its programs for reviewing plans to ensure handicapped access to public buildings and reducing toxic substances in public facilities have not progressed as quickly as they could have. Also, it must, according to the chief of the architectural and engineering sections of the Office of the State Architect (OSA), charge state agencies higher fees or increase its billable hours for capital outlay projects to recover the cost of staff who are underutilized in their professional capacity; and
- Because the department did not comply with federal regulations requiring the removal of certain equipment filled with polychlorinated biphenyls (PCB) in or near state property, the general public, institutional residents, and state employees continue to be exposed to potential health and safety hazards, and the State may now be subject to federal fines.

Recommendations

To improve its management of the State's capital outlay program, the Department of General Services should take the following actions:

- Develop a reliable system for monitoring the progress and cost of all capital outlay projects compared with earlier estimates;
- Ensure that it charges costs related to particular projects to those projects (staff charged at least 12,800 hours to nonfee-generating projects which represent at least \$864,000 in potential revenue to the OSA);

- Establish a system of security controls over its Project Management and Accounting system;
- Give private firms the consideration they are entitled to receive when they compete for contracts;
- Do not award sole-source contracts unless it has the proper justification for doing so;
- Comply with provisions in its retainer contracts for architectural, engineering, and land-surveying services;
- Ensure that the Office of the State Architect continues to develop and implement policies and procedures to make staff available to other units within the OSA when those units need assistance; and
- Ensure that the OSA removes certain equipment filled with polychlorinated biphenyls from state facilities as soon as possible.

**The State Has Not Met Its Goals
for Contract Participation With
Minority and Women-Owned Businesses**

Results in Brief

Chapter 61, Statutes of 1988, revised the Public Contract Code to require state agencies that award contracts for construction, professional services, materials, supplies, or equipment to have statewide participation goals of at least 15 percent for minority businesses and at least 5 percent for women's businesses. During our review (Report P-131) of state agencies' compliance with the law, we noted the following conditions:

- Some state agencies have not adopted rules and regulations for the purpose of implementing the law;
- Some state agencies have not always required successful bidders to document the efforts they have undertaken to include minorities' and women's businesses in contracts;

- Some state agencies are not reporting their participation levels to the Legislature and the governor, as required by law;
- State agencies did not use consistent methods to prepare the reports they submitted to the Legislature and the governor;
- The data the Office of Small and Minority Business (OSMB) and other state agencies included in their reports to the Legislature do not accurately reflect the actual participation levels of minorities' and women's businesses; and
- Although the data for participation levels of minority- and women-owned businesses for four of the five agencies we reviewed are inaccurate, it is still unlikely that these agencies would have met the goals had the data been reported correctly.

Recommendations

To ensure that minority- and women-owned businesses have the opportunity to participate in contracts with the State, state agencies should take the following actions:

- Adopt regulations for implementing the law requiring state agencies to have statewide participation goals of at least 15 percent and at least 5 percent for minority- and women-owned businesses; and
- Fully implement policies and procedures to ensure that successful bidders are either meeting the statewide participation goals or are making good faith efforts to meet the goals by attempting to include minority- and women-owned businesses in their contracts.

To ensure that the data regarding the statewide participation levels of minorities' and women's businesses are accurate, the Legislature should revise the Public Contract Code to accomplish the following:

- Assign the OSMB as the office responsible for providing instructions to state agencies for reporting data on the participation levels of minorities' and women's businesses in state contracts and purchases;
- Require state agencies to report participation levels to the OSMB rather than directly to the Legislature and the governor; and
- Require the OSMB to include in its annual report to the Legislature participation levels of minorities' and women's businesses in state contracts and procurements, the reasons agencies have identified for not meeting the goals, and remedial steps agencies plan to take to increase participation levels.

The Boxers' Pension Plan Needs Attention

Results in Brief

The State Athletic Commission (commission) does not have adequate controls over some aspects of the professional boxers' pension plan (pension plan). During our review (Report P-027), we found the following conditions:

- The commission did not always collect pension contributions from boxers whose purses for a calendar year exceeded \$1,500;
- The commission did not ensure that the pension contributions it collected after each boxing show were completely and promptly deposited into the commission's money market fund;
- The commission did not ensure that accounting records reflected all of the pension plan's assets;

-
- The commission did not ensure that the interest rate, risk, and liquidity of its investments or others available to it were reviewed; and
 - The commission did not ensure that information about the boxers was accurately entered into the pension plan's data base.

Without adequate controls over these aspects of the pension plan, some boxers may receive a pension for which they will not have paid the required amounts to the pension plan. In addition, the commission missed opportunities to detect an embezzlement of more than \$14,000 in pension funds by an employee of the Department of Consumer Affairs (department), and the pension plan did not earn as much interest as it could have. Moreover, the commission missed opportunities to increase the rate of return on its investments. Finally, we found many errors in the information in the data base that could result in incorrect refunds of pension contributions or incorrect payments of pension benefits to boxers.

Recommendations

To develop and implement sufficient controls over the professional boxers' pension plan, the State Athletic Commission should take the following actions:

- Establish a system to track the amounts of purses earned by boxers;
- Ensure that the amounts of contributions collected after each boxing show can be reconciled with the amounts of contributions deposited into the commission's money market fund;
- Monitor the amount of time it takes to deposit contributions into the money market fund to ensure that these contributions are promptly invested and take action to correct unnecessary delays that cost \$1,100 in 1990-91;
- Ensure that accounting records reflect all assets, including those funds invested in the money market fund;

- Ensure that the interest rate, risk, and liquidity of its investments and of other investment opportunities available are periodically reviewed to determine whether other investments would provide the pension plan with a better rate of return which would have earned at least \$6,600 in 1990;
- Ensure that the information on the boxers entered into the pension plan's data base is accurate; and
- Complete its identification and correction of errors in the data base.

Financial Administration

California state government spends nearly \$70 billion yearly from all of its programs and funds, including the University of California. It is said that if the State were a separate country it would rank sixth or seventh in all of the world's economies. The State agencies that are responsible for spending these taxpayer's dollars must ensure that the funds are accounted for and spent properly. Public confidence and trust is undermined when breakdowns in the system of controlling and accounting for funds occurs. Each year we see progress made by the State at improving its financial administration, however, many weaknesses remain. These weaknesses include poor internal controls, erroneous accounting transactions and faulty cash management practices.

Annually, we issue an audit report on the overall financial condition of the State. This audit, the largest of its kind in the nation, is performed to satisfy a variety of needs. First, the Legislature, governor, and citizens need to be satisfied that the State's financial statements are accurate and deficiencies are identified and corrected. Second, as a condition of the receipt of approximately \$15 billion in federal grant funds, the federal government mandates an annual single audit of California. Lastly, to sell bonds, the State needs to include a financial audit report in the official statements of prospective bond sales. These official statements are then relied upon by underwriters, bond rating companies, and potential investors. In addition to our annual single audit, the office has also issued seven other audits on financial operations since July 1990. These audits covered compliance with specific grant requirements, counts of securities and cash in the Treasurer's vault, and fiscal controls at two fairs. Two of the financial audits are highlighted below.

Although Some Weaknesses Have Been Corrected, Millions of Dollars More Can Be Saved

Results in Brief

In our single audit report for fiscal year 1989-90 (Report F-005), we reviewed the State's controls over its financial activities and its compliance with federal grant requirements and state regulations.

In our report, we addressed 16 statewide concerns to the state Department of Finance so that it could improve the financial management of the State and 176 recommendations to 33 state agencies so that they could improve their fiscal operations.

Some of the 176 recommendations were written to reduce the risk of fraud and abuse, improve the operating efficiency of state agencies, improve the delivery of state services, and ensure compliance with state and federal regulations. Some of the other recommendations were written to correct poor fiscal practices that cost the State \$2,784,833 in lost interest and discounts, \$1,819,052 in unnecessary expenditures, and \$215,600 in lost revenue and to help collect \$21,804,736 that has been owed to the State for extended periods of time.

Recommendations

The Department of Finance is making progress in implementing some of the statewide concerns in our report. For example, to improve accountability for fixed assets, the department reports that a statewide inventory of major fixed assets is expected to be completed by October 1991. In addition, to reduce delays in producing audited financial statements, the department established a pilot project for a system that will eventually allow state agencies to electronically transmit financial reporting information to the State Controller's Office. However, many of the recommendations to the department require additional time to implement because they require changes to laws, regulations, and complicated and extensive information systems.

The state agencies indicated that they are implementing 146 of the 176 recommendations from Report F-005. The majority of the remaining 30 recommendations require further study or require additional time to implement.

The Antelope Valley Fair Was Mismanaged

Results in Brief

Our audit (Report C-957) of the 50th District Agricultural Association, the Antelope Valley Fair (fair), disclosed that, during the years 1986 through 1988, the fair failed to establish operational and administrative controls to safeguard assets, failed to comply with state laws and regulations, and failed to promote sound management. Specifically, the fair did not adhere to budgeting and accounting requirements established by the Fair's Administrative Manual (FAM) for the management of fair resources. Additionally, the fair did not adhere to state laws and

regulations governing purchasing and contracting, nor did it follow procedures designed to ensure that all revenues are collected and properly accounted for. Moreover, the former fair manager manipulated fair resources and accounting records in an apparent attempt to conceal the fair's deteriorating financial condition from the fair's board of directors (fair board) and the Department of Food and Agriculture, and he pleaded nolo contendere to charges that he embezzled fair funds. When the budget, accounting records, and financial statements do not accurately reflect the fair's operations, and when standard purchasing and contracting procedures are not followed, the fair board and the State have no assurance that the fair's resources are used in the most economic and efficient manner and for authorized purposes.

Recommendations

To ensure that fair accounting records and financial reports accurately reflect the fair's financial condition and results of operations and to ensure that fair resources are used in the most economic and efficient manner and for authorized purposes, the board of directors should require the fair to implement budgeting and accounting procedures established by the FAM for the management of fair resources.

To ensure that fair purchases are properly authorized and for legitimate purposes, that goods and services the fair orders are received, and that the amounts the fair pays are appropriate and as low as possible, the board of directors should require the fair to adhere to state regulations pertaining to the acquisition of goods and services.

To ensure that the State and the fair are properly protected against potential losses resulting from lawsuits, contractor defaults, and substandard work, and to ensure that the fair obtains services and completes projects at the lowest possible cost, the board of directors should require the fair to adhere to state contracting laws and state regulations pertaining to construction projects and service contracts.

To ensure that the fair receives all the revenues to which it is entitled and that the fair accounts for all the revenues it receives, to ensure that the proper fees are charged and that the amounts collected are actually deposited, and to safeguard all money from robbery, burglary, and misappropriation, the board of directors should require the fair to adhere to procedures prescribed in the FAM for controlling revenues.

GILBERT ACCOUNTANCY CORPORATION

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Thomas M. Gilbert, MBA, CPA
John E. Chaquica, MBA, CPA
Barbara L. Nash, CPA

Darla A. Colson, CPA
Edward E. Straine, Jr., CPA

Mr. Kurt R. Sjoberg
Acting Auditor General
Office of the Auditor General
Sacramento, California

We have audited the accompanying balance sheet of the Office of the Auditor General as of June 30, 1991 and the related statements of expenditures, transfers and change in fund balance, and of expenditures - budget and actual (legal basis) for the year then ended. These financial statements are the responsibility of the Office's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Office of the Auditor General at June 30, 1991, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

As discussed in Note 8 to the financial statements, the question has arisen about the continued operations of the Office of the Auditor General. The financial statements do not include any adjustments relating to the amounts and classification of liabilities or recoverability and classification of recorded assets amounts that might be necessary if the Office of the Auditor General was not appropriated.

Gilbert Accountancy Corporation

GILBERT ACCOUNTANCY CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

August 29, 1991

National State Auditors Association

July 30, 1991

Kurt R. Sjoberg
Auditor General (acting)
Office of the Auditor General
660 J Street, Suite 300
Sacramento, California 95814

Dear Mr. Sjoberg:

We have reviewed the system of quality control to obtain reasonable assurance of compliance with generally accepted government auditing standards in effect for the Office of the Auditor General of the State of California for audits issued during the period July 1, 1990 through June 30, 1991. We have conducted our review in conformity with the policies and procedures for quality control peer reviews established by the National State Auditors Association (NSAA). We tested the Auditor General's Office compliance with the system of quality control policies and procedures to the extent we considered necessary in the circumstances. These tests included the application of the California Auditor General's policies and procedures to selected audit engagements.

In performing our review, we have given consideration to the general characteristics of a system of quality control as described in the quality control peer review guidelines issued by the NSAA. Such a system should be appropriately comprehensive and suitably designed in relation to the California Auditor General's Office organizational structure, its policies, and the nature of its functions. Because variance in individual performance can affect the degree of compliance with the Auditor General's prescribed quality control policies and procedures, adherence to all policies and procedures in every case may not be possible. Nevertheless, compliance does require the Auditor General to adhere to prescribed policies and procedures in most situations.

In our opinion, the system of quality control provided reasonable assurance of compliance with generally accepted government auditing standards for the Office of the Auditor General of the State of California in effect for audits issued during the period July 1, 1990 through June 30, 1991, met the objectives of the quality control peer review guidelines established by the NSAA, and was being complied with during the year under review.



RICHARD F. DINAN
Team Leader
National State Auditor Association
Review Team

**Auditor General Reports Released Between
July 1, 1990 and December 31, 1991**

Education

<u>Report No.</u>	<u>Title</u>	<u>Subject</u>
P-013	Some School Construction Funds Are Improperly Used and Not Maximized	California School Construction
F-019	A Review of the Management Practices and Financial Operations of the Riverside Community College District	Community Colleges
P-023	A Review of Tax Increment Revenues Provided to School and Community College Districts From Redevelopment Project Areas	School Districts and Community Colleges
F-028	A Review of the Inglewood Unified School District's Management Practices and Student Academic Records	Inglewood Unified School District
F-050	A Review of Some Administrative Functions of the California State University	California State University
P-052	A Review of the California State Summer School for the Arts (Letter Report)	California State Summer School of the Arts
P-054	A Review of the California State University's Disabled Student Services	California State University
F-962	To Adequately Manage and Protect Its Assets, the Sweetwater Union High School District Needs To Improve Its Control Over Its Financial Operations	Sweetwater Union High School District

Education (Continued)

<u>Report No.</u>	<u>Title</u>	<u>Subject</u>
P-977	Portable Classrooms in California School Districts: Their Safety, Uses, Cost, and the Time It Takes to Acquire Them	California School Districts

Health and Welfare

<u>Report No.</u>	<u>Title</u>	<u>Subject</u>
P-009	An Analysis of Sanctions in the General Relief/General Assistance Programs of Six Counties	General Relief/General Assistance Programs
P-021	The Martin Luther King Jr. Family Health Center Needs to Improve Its Financial Operations	Martin Luther King Jr. Family Health Center
P-044	The Department of Health Services' Information on Drug Treatment Authorization Requests (Letter Report)	Drug Treatment Authorization Requests
P-049	A Review of the Processing of Complaints Made to the Medical Board of California	Medical Board of California
C-057	A Study of Health Care Cost Escalation in California	Health Care Cost Escalation
P-062	How Medi-Cal and Other Health Care Providers Manage Their Pharmaceutical Expenditures	Medi-Cal Pharmaceutical Expenditures
P-113	A Review of the Department of Health Services' Estimates of Savings Resulting From the Medi-Cal Drug Discount Program (Letter Report)	Medi-Cal Drug Discount Program
P-117	The Department of Health Services' Information on Drug Treatment Authorization Requests (Letter Report)	Drug Treatment Authorization Requests
F-132	Status of Costs Identified and Reimbursed for the State Legalization Impact Assistance Grants	State Legalization Impact Assistance Grants
C-775	Cost Effectiveness of the Medi-Cal Therapeutic Drug Utilization Review Program (Data and Report Prepared by Ernst & Young)	Medi-Cal

Health and Welfare (Continued)

<u>Report No.</u>	<u>Title</u>	<u>Subject</u>
P-919	A Review of Los Angeles County's Implementation of the Greater Avenues for Independence Program	GAIN Program
P-927	Los Angeles County Needs to Improve Its Services to Foster Children and the State Needs to Improve Its Oversight of the County's Foster Care Program	Services to Foster Children
P-961	A Review of the Seven Developmental Centers Operated by the Department of Developmental Services	Developmental Centers
P-965	A Review of the Department of Alcohol and Drug Programs' Drug/Medi-Cal Claims Process	Drug Treatment Programs
P-979	A Review of the Contracting Operations of the Los Angeles County Department of Mental Health	Los Angeles County's Contracting Operations

Transportation and Environment

<u>Report No.</u>	<u>Title</u>	<u>Subject</u>
P-036	A Review Concerning Allegations of Conflict of Interest By a Board Member of the Bay Area Rapid Transit District (Letter Report)	Bay Area Rapid Transit District
F-426.1	The Department of Toxic Substances Control Has Not Taken Sufficient Action to Bill and Recover Hazardous Waste Cleanup Costs From Responsible Parties	Hazardous Waste Cleanup Costs
P-776	The Department of Parks and Recreation Can Improve Aspects of the California Off-Highway Motor Vehicle Recreation Program	Off-Highway Motor Vehicles
P-861.7	The Alameda-Contra Costa Transit District: Seventh and Final Quarterly Monitoring Report	Alameda-Contra Costa Transit District
P-966	The Department of Conservation Needs to Make Some Improvements in the Beverage Container Recycling Program	Beverage Container Recycling Program

Justice

<u>Report No.</u>	<u>Title</u>	<u>Subject</u>
F-059	Some Institutions Within the California Department of Corrections Need To Improve Their Disability Payroll Procedures	Prison Payroll Procedures
I-116	Public Reports of Investigation Completed by the Office of the Auditor General From August 1, 1989 Through December 31, 1990	Auditor General Investigations
P-122	A Review of the Department of Corrections' Implementation of Its Substance Abuse Treatment and Education Services	Prison Substance Abuse Treatment
P-860	A Review of the Department of Corrections' Implementation of Its Substance Abuse Treatment and Education Services (Letter Report)	Prison Substance Abuse Treatment

Government Operations

<u>Report No.</u>	<u>Title</u>	<u>Subject</u>
P-014	The Department of General Services' Administrative Oversight of State Agencies That Award Contracts	State Contracting
P-017	The Department of General Services Needs to Improve Its Management of the Design and Construction of State Buildings	State Building Construction
P-022	The Potential Benefits of Further Centralizing the Functions of State Entities That Regulate Professions Appear Limited	Centralization of Professional Boards
P-026	A Review of the Board of Equalization's Travel Claims (Letter Report)	Travel Claims
P-027	The State Athletic Commission Needs To Improve Its Controls Over The Professional Boxers' Pension Plan	Professional Boxers' Pension Plan
F-031	Status of Franchise Tax Board/Board of Equalization Tax Settlements (Letter Report)	Tax Settlement Agreements
P-033	A Review of the Division of Labor Standards Enforcement's Handling of the <i>Crowe v. Simpson</i> Attorney Fees Dispute (Letter Report)	Attorney Fee Dispute
P-035	Some Animal Control Agencies Need to Improve Their Management for Funds Available for Dog and Cat Population Control (Letter Report)	Animal Control Agencies
P-040	A Review of Adherence to Standards of Fair Employment by 25 United States' Firms With Business Operations in Northern Ireland (Letter Report)	Northern Ireland Employment Standards

Government Operations (Continued)

<u>Report No.</u>	<u>Title</u>	<u>Subject</u>
P-042	The Lake Elsinore Management Project (Letter Report)	Lake Elsinore
F-051	Federal and State Equity in EDD Owned Buildings (Letter Report)	State Building Ownership
P-131	California's Efforts To Meet Participation Goals for Minorities' and Women's Businesses in State Contracts	Minority and Women-Owned Businesses
P-660	A Review of the Department of General Services' Statewide Property Inventory (Letter Report)	Statewide Property Inventory
P-856	A Review of the Fish and Game Commission's Annual Pack Trip and the Potential Unauthorized Release of Confidential Information by Either the Commission or the Department of Fish and Game (Letter Report)	Fish and Game Pack Trip
F-864	A Review of the Usefulness of Domestic Disclosure Spreadsheets to the Franchise Tax Board (Letter Report)	Domestic Disclosure Tax Spreadsheets
P-945	A Review of the California Horse Racing Board's Contracting for Equine Drug Testing and Its Personnel Practices	Equine Drug Testing
P-950	The California Housing Finance Agency Has Generally Complied With Statutory Requirements in Financing Single-Family Homes and Multifamily Rental Projects	State Assisted Home Financing

Government Operations (Continued)

<u>Report No.</u>	<u>Title</u>	<u>Subject</u>
F-958	The Department of Rehabilitation Has Weaknesses in the Control and Management of Equipment Used for the Business Enterprise Program (Letter Report)	Business Enterprise Program Equipment
C-972	A Study of the State's Office Space Facilities Planning Goals, Policies, and Recommendations	State's Office Space
T-973	The Office of State Printing Needs To Strengthen Controls Over Its Electronic Data Processing Resources	EDP Controls

Financial Administration

<u>Report No.</u>	<u>Title</u>	<u>Subject</u>
F-001	State of California, Financial Report, Year Ended June 30, 1990	General Purpose Financial Statements
F-004	State of California, Statement of Securities Accountability of the State Treasurer's Office, June 30, 1990	Securities Accountability
F-005	A Review of the State's Controls Over Its Financial Operations	Statewide Financial Management Letter
F-006	State of California Comprehensive Financial and Compliance Audit Report, Year Ended June 30, 1990	Statewide Financial and Compliance Review
C-018	City of Imperial Beach User Fee Study	City of Imperial Beach
F-025	The California Exposition and State Fair's Financial Status for the Fiscal Year Ended June 30, 1990 (Letter Report)	Cal-Expo's Financial Status
F-041	A Review of the Factors That Contributed to the Closure of the First Independent Trust Company (Letter Report)	First Independent Trust Company
C-957	Review of the Fiscal and Operational Activities of the Antelope Valley Fair (Letter Report)	Antelope Valley Fair

**cc: Members of the Legislature
Office of the Governor
Office of the Lieutenant Governor
State Controller
Legislative Analyst
Assembly Office of Research
Senate Office of Research
Assembly Majority/Minority Consultants
Senate Majority/Minority Consultants
Capitol Press Corps**